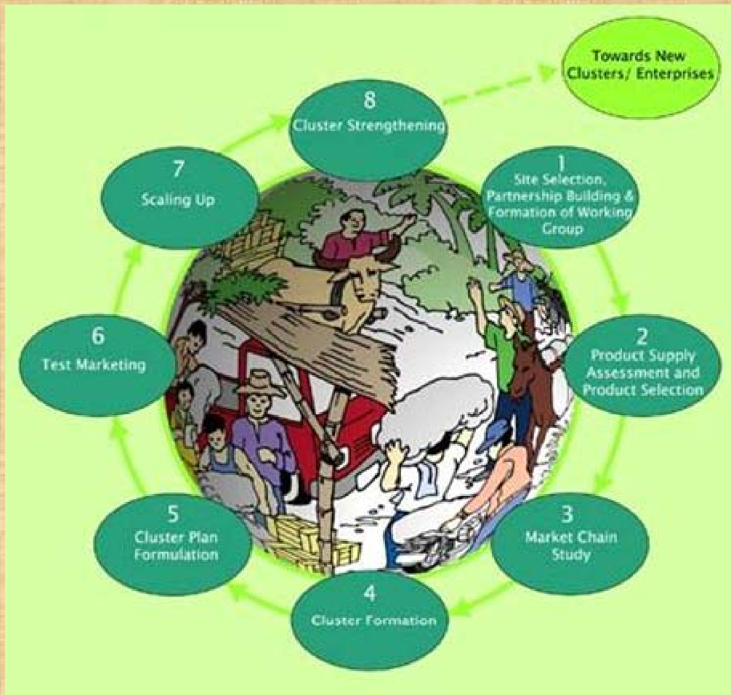


The Agroenterprise Clustering Approach for Small Farmers:

A Sustainable Livelihood model in the Philippines

Mr. Jessan Catre

Former CRS Agroenterprise Specialist;

Current Oxfam Programme Manager

SUSTAINABLE DEVELOPMENT

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

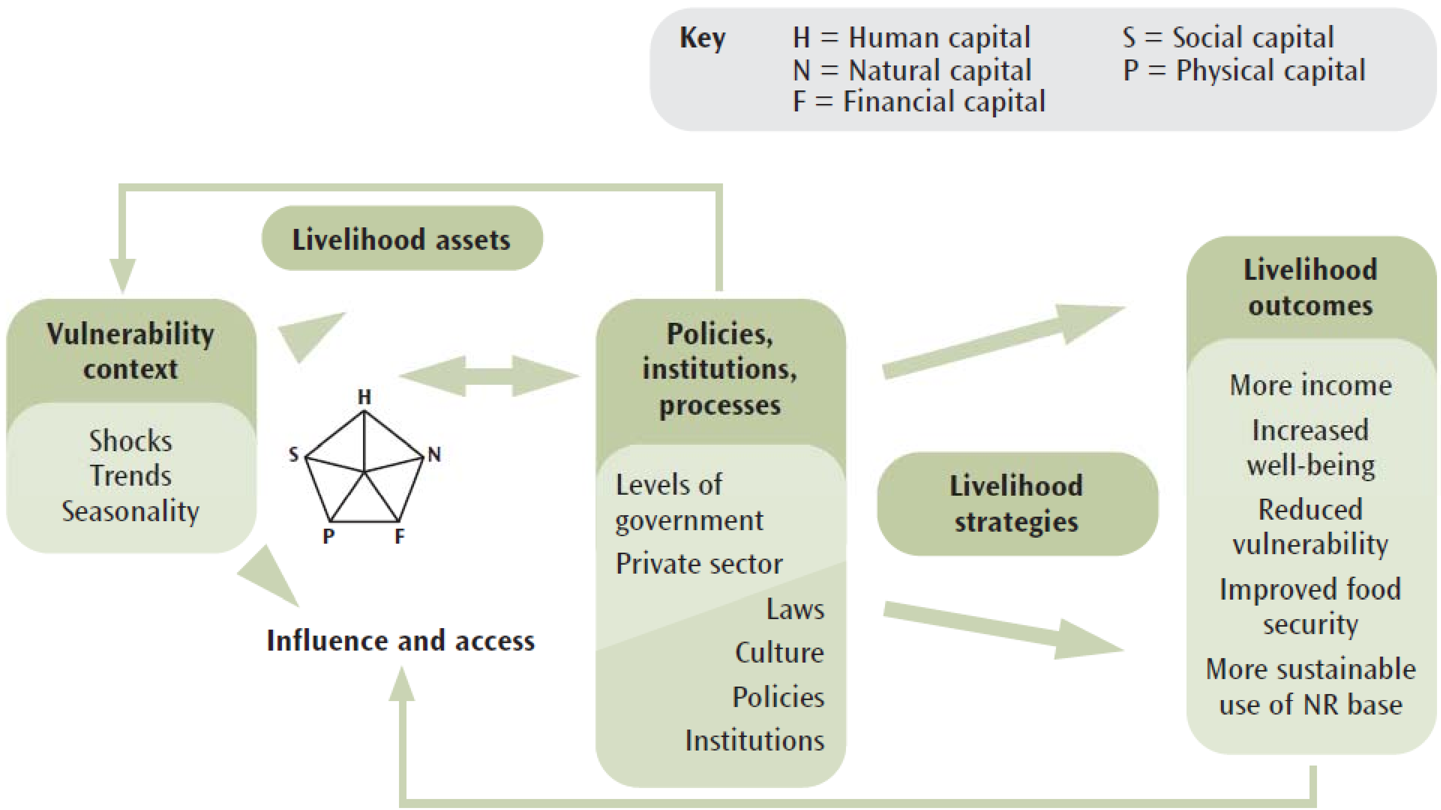
- Brundtland Report,

United Nations, 1987

SUSTAINABLE LIVELIHOODS

- **Various International NGOs, donors and other agencies working on Sustainable Development use *Sustainable Livelihoods framework* to craft poverty alleviation strategy**

Figure 1 **DFID's sustainable livelihoods framework**



Source: DFID (1999–2005), *Sustainable Livelihoods Guidance Sheet 2.1.*

CONTEXT

- **Mindanao is the Philippines' second largest island with land area of 10.2 million hectares or one third of national land mass**
- **Population of 22 million (2007), which was a quarter of the country's**
- **Substantial poverty affects small scale farmers, fishers and indigenous peoples**

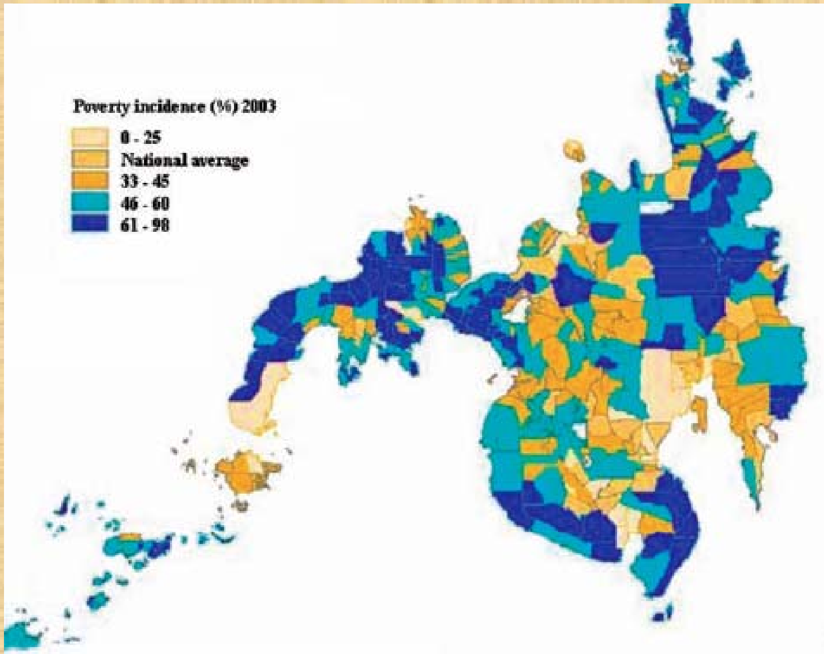


Table 2.3 Average regional poverty indicators, 2006

	Region	Poverty incidence (%)	Rank in poverty incidence among regions	Poverty magnitude (millions of people)
Region 11	Davao Region	36.6	10	1.5
Region 12	SOCCSKSARGEN Region	40.8	8	1.5
Region 10	Northern Mindanao	43.1	7	1.7
Region 9	Zamboanga Peninsula	45.3	6	1.4
Region 13	Caraga Region	52.6	3	1.2
ARMM	Autonomous Region in Muslim Mindanao	61.8	1	1.2
	Philippines	32.9		27.7

Source: National Statistical Coordination Board, Family Income and Expenditures Survey 2003.
Note: Rank refers to the region's position in poverty incidence with respect all 15 regions in the Philippines.

CONTEXT

- **Rapid market changes; small farmers are not prepared to respond and are excluded from market growth**
- **Small farmers are production-focused, not market-oriented; they need additional knowledge, skills, and re-orientation**
- **Challenge was preparing small farmers for profitable market engagement and linking them also with dynamic, modern markets**
- **In 2006, CRS started its USDA-funded Small Farms Marketing Program in Mindanao**

“The Market Divide”

Traditional Market - Traders

Fastfood chains

Processors

Hotels & Restaurants

Supermarkets

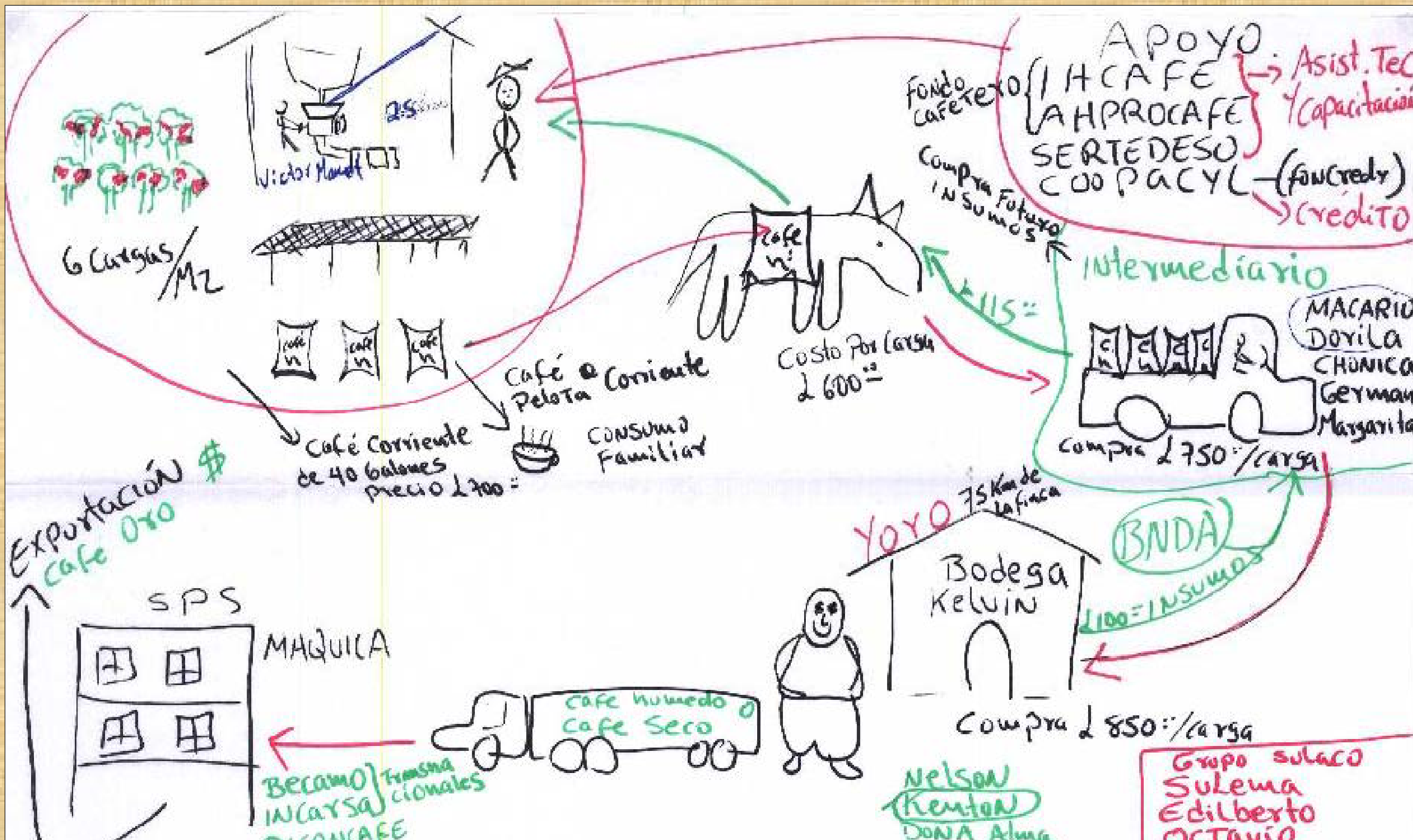
Consolidators

Modern, dynamic market chains

CONTEXT

- **Review of various value chain-based rural poverty alleviation initiatives from government, NGOs and other agencies in Mindanao, the country and globally**
- **Most interventions were unsuccessful (e.g., cooperatives in the Philippines) and/or seemed non-sustainable (i.e., heavily subsidized projects)**
- **Two promising models:**
  - **CIAT's Territorial Approach to Rural Enterprise Development that the mid 90s in Latin America and subsequently tested in Africa (Mark Lundy, Rupert Best)**
  - **NorminVeggies' clustering experience in Northern Mindanao in early 2000**

Designing the Agro-enterprise



Participatory approaches increase the level of participation and enables producers and Service Providers to develop new and more beneficial relationships

Service Providers designing a new Business with Clients and other Chain Actors

A Guide to Developing Partnerships
and Territorial Characterisation
acional de
pical (CIAT)
A Guide to Identifying Market Opportunities
for small-scale rural producers and processors
A Territ
Rural Ent
Strategies to improve the competitiveness
of market chains for small-scale producers
Train
Collective Marketing for
Small-scale producers
A Guide to Evaluating and Strengthening
Rural Business Development Services
Mark Lundy, Carl
CIAT
SDC
CIAT
Foodnet
P.Robbins, F. Bil
G. Okobio an
IITA
FOODNET
CMIS
Mark Lundy, Carlos Ostertag, Veronica Gottret and Shaun Ferris
In Preparation
CIAT - RAeD
Rural Agro-enterprise Development

Northern Mindanao Vegetable Producers Association (NorminVeggies)

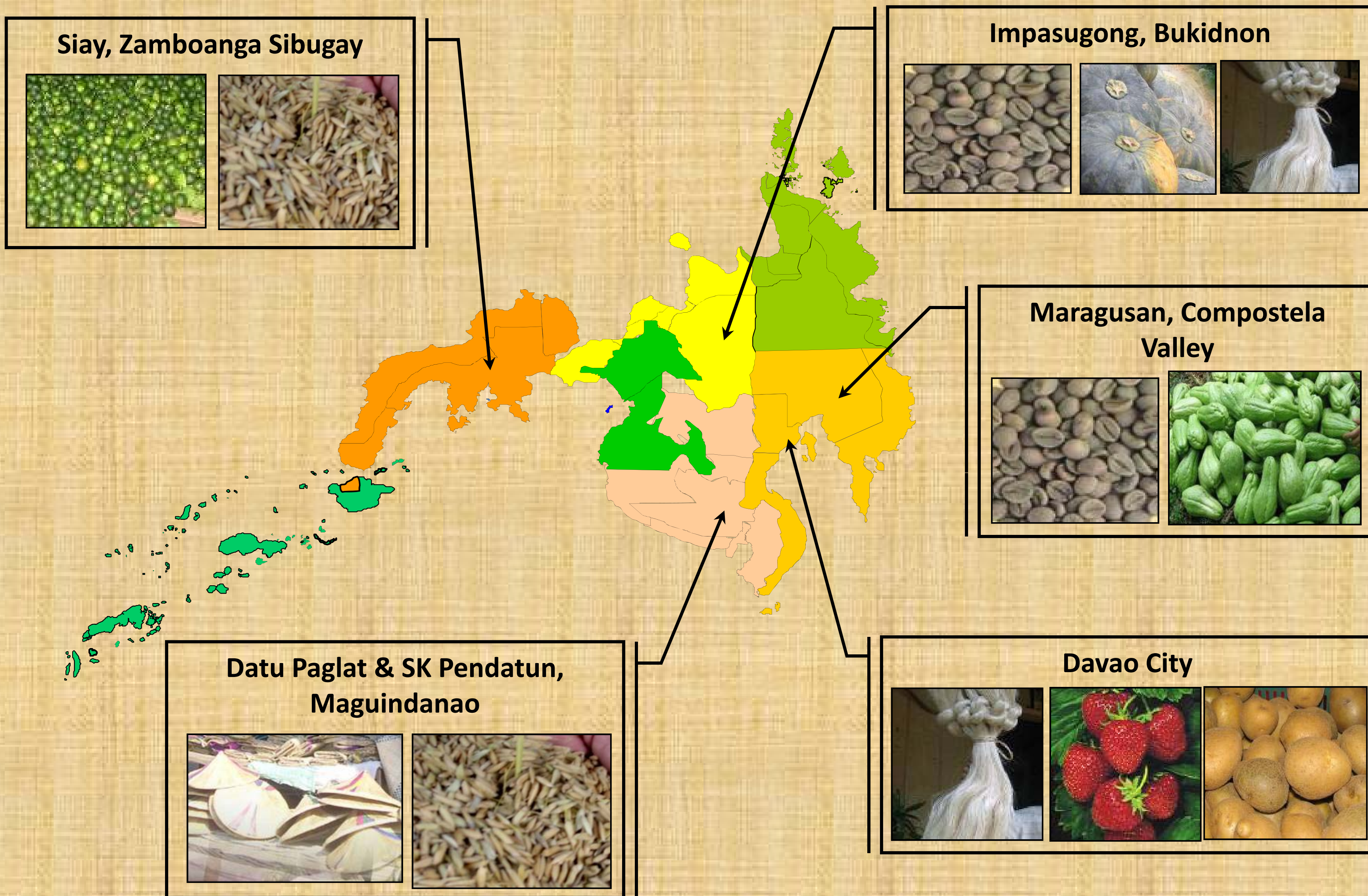
- **Department of Trade and Industry organized industry clusters (banana, abaca, fruits, vegetables) in the late 90s**
- **NorminVeggies organized in 1999 by 15 independent growers, corporate farms and an NGO**
- **Subsequently gained funding and technical support from USAID's Growth with Equity Program (GEM) and Department of Agriculture (DA)**
- **Recognized as one of world's innovative pro-poor value chain development models**


Towards New Clusters/ Enterprises
8
Cluster Strengthening
1
Site Selection, Partnership Building & Formation of Working Group
2
Product Supply Assessment and Product Selection
3
Market Chain Study
4
Cluster Formation
5
Cluster Plan Formulation
6
Test Marketing
7
Scaling Up

Step 1

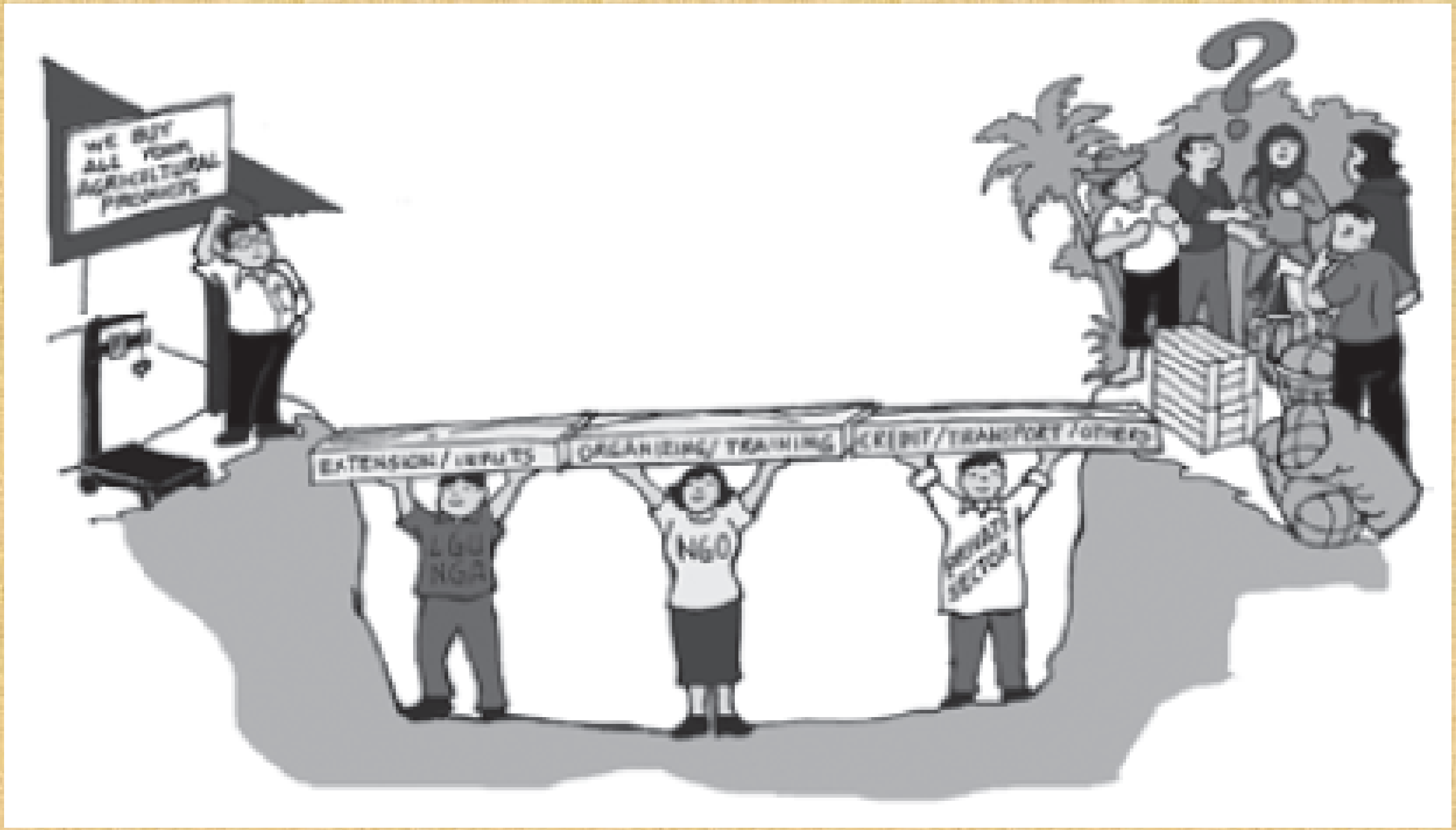
Site Selection, Partnership Building and Working Group Formation

Project Place and Produce



- Formation of Working Group (farmer leaders, NGO, private sector, local government, microfinance institution, input suppliers, and other key stakeholders); and, Orientation and Planning sessions

BUILDING PARTNERSHIPS



Step 2

Product Supply Assessment and Product Selection

Building capacity on participatory and rapid action research on local supply-demand situation through interviews, focus group discussions and secondary data review

SURVEY – BUYERS

1. GENERAL NGA IMPORMASYON
   1.1. Ngalan____
   1.2. Edad ______ 1.3. Sex ______ 1.4. Civil Status__________
   1.5. Puloy-anan (address): ____________________________________
   1.6.Kalambgitan diha sa negosyo:
   ____1. Tag-iya ____2. Empleyado (position_______________)

2. IMPORMASYON KABAHIN SA NEGOSYO
   2.1. Ngalan sa negosyo (business)_______________ 2.2. Tuig natukod______
   2.3. Lokasyon sa maong negosyo: _____________________________
   2.4. Pila ka-tindahan nga gipanag-iya o nag-lihok sa laing lokasyon: __________
   2.5. Lokasyon sa mga tindahan sa laing lokasyon: ________________________
   2.6. Klase sa negosyo:
   ___ 1. Wholesale ___2. Retail ____3. Agent Middleman
   ___ 4. Others, specify____________________________

2. IMPORMASYON KABAHIN SA PAGBALIGYA
   (Previous Year: September 2005 to September 2005)
   3.1. Mga produkto nga gidumala (products handled)
   ____
   3.2. Producto nga gipalit, Kasagunson sa Pagpalit ug ang Gidaghanon

3.2.1. Kasagunson sa pagplit (kada-adlaw, kada-semana, etc.)	
3.2.2 Pila kasagaran ang gidaghanon kada palit?? 3.2.2 Tantiya nga gidaghanon nga gidaghanon sa palit kada-tuig?	
3.2.4.1. Bulan nga taas ang maong pagpamalit? 3.2.4.2 Volume o gidaghanon? 3.2.4.3. Presyo kada kilo?	
3.4.5.1 Bulan nga ubos ang maong pagpamalit? 3.4.5.2 Volume o Gidaghanon? 3.2.5.3. Presyo kada unit?	

(Note: Ikalaro ang unit o kilo sa pagtubag sa volume o gidaghanon)

SURVEY – IMPASUGONG FARMERS

1. **Personal nga Kasayuran**
   1.1. Ngalan sa Farmer____________________ 1.2. Edad_____
   1.3. Ngalan sa Asawa/Bana__________________ 1.4. Edad____
   1.5. Puloy-anan(address)__________________________
   1.6. [illegible] _____ tuig
   1.7. Kadaghanon sa anak______
   1.8. [illegible]______

2. **Kasayuran Bahin sa Yuta, Sangkap ug Pangoma**
   2.0 [illegible]
   ____
   2.1. Kasayuran bahin sa yuta:

Lote	[illegible]	[illegible]	[illegible]
1			
2			
3			

   2.2. Mga gipanag-iya nga mga sangkap sa uma:

Klase	Pila kabuok?	Klase	Pila kabuok?
1. Arador		6. Guna/PTI	
2. Daro		7.	
3. Paragos		8.	
4. Karomata		9.	
5. Sprayer		10.	

   2.3. Unsa kadugay ka na nag-uma? _____ tuig
   2.4. Unsay imong mga tanom?
   Ranking: 1.__________ 2.__________ 3.__________

3. **Kasayuran Bahin sa Tanum**
   3.1. Unsa kalaung ang imong gitamnan? __________
   3.2. Pila ka punoan ang naa sulod sa imong uma? __________
   3.2.1. Pila ka punoan ang gabunga?__________

As a result, primary and secondary produce which are widely grown and with better market potentials were chosen for pilot enterprise development

Step 3

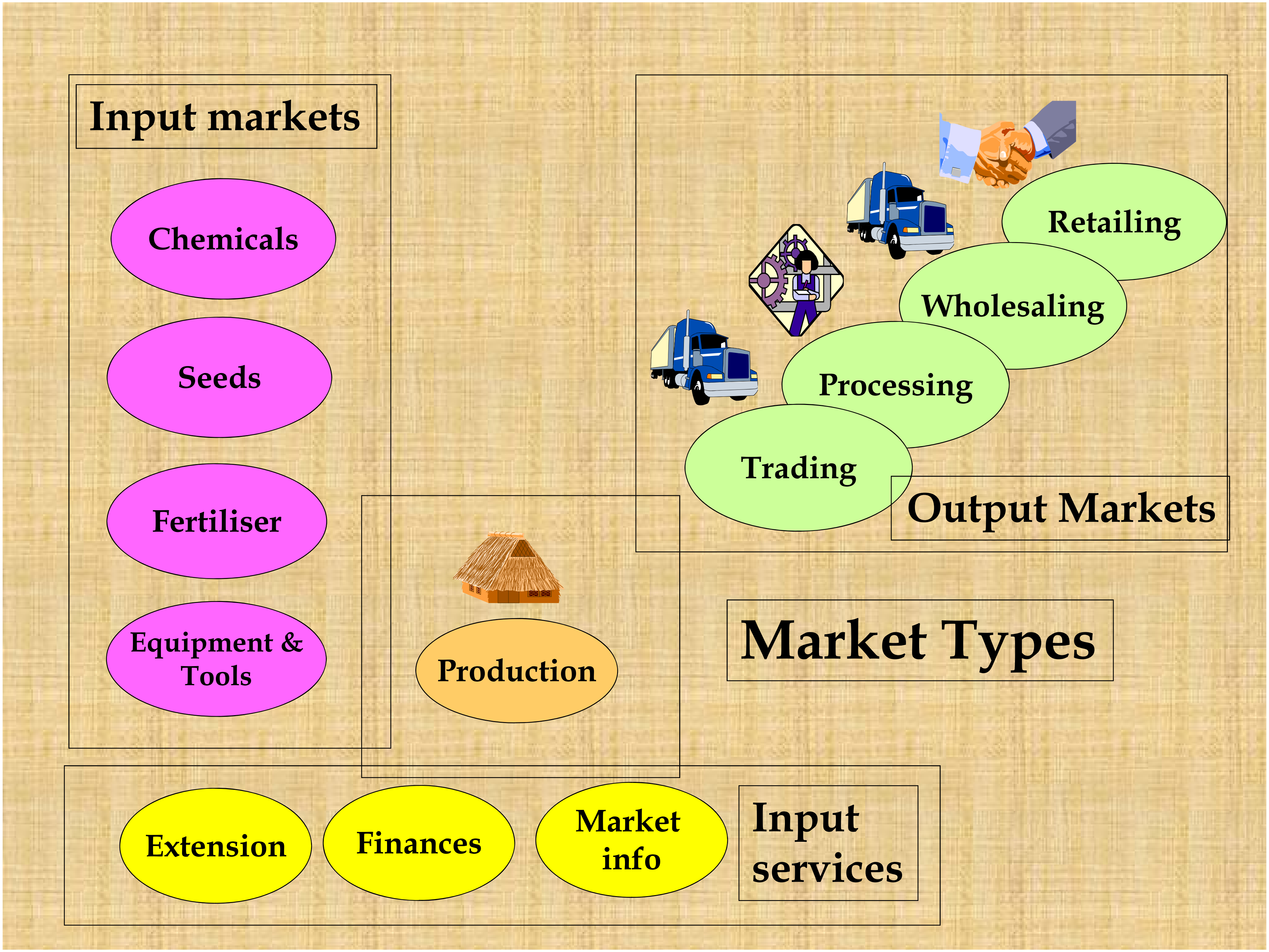
Market Chain Study


2005.06.08


USWAG
Tiangge Organika
PRODUCTS CENTER FOR PARAISO & HIMSUG PROGRAMS,
FROM THE FARMING COMMUNITIES OF SURALLAH
THROUGH THE INITIATIVE OF HON. MAYOR RUMULO O. SOLIVIO SR.

The Market Chain

& Business Support Services



Input markets
Chemicals
Seeds
Fertiliser
Equipment & Tools
Production
Retailing
Wholesaling
Processing
Trading
Output Markets
Market Types
Extension
Finances
Market info
Input services

Training on market chain study and use of tools
Participatory analysis of research results
Initial market negotiation

3. Institutional Market- Vegetable Market Chain Data (Feb 7, 2008)

	List of Crops	Mo. High in Demand	Time/mo of Scarce (gamay palit)	Price/kg	Quality Required	Delivery Needs	Volume Required	Packaging Required	Frequency of Purchase	Largest Trader for this product	Main Source/ supplier
LGU (MAU) Leonora Baluyo – Organic In-Charge Consumer: Makilla,GSC, T'boli,Marbel	Rice Vegatables Herbal Med	20 bags per day		P 1,500.00/sack	DA Surallah certification	No Limitations	Not specified	Sack		LGU Surallah	Dajay Farmers
Ace – Sonny Lao Consumers: Makilla,GSC, T'boli,Marbel	Vegetables (carrots, Bombay, patato, cabbage, ahos, atsal)	Dec – Jan	Nov – Dec	KCC & Fitmart Mall	Small & medium sizes Clean w/o BO	50 kg per week	50 kg per week	Not specified	Tues to Fri	Daraug	South Cot Farmers
CVD Trading and Agro Ventures	1. Atsal 2. Carrot 3. Patatas	Whole year round		P 70 -80/k P 15 – 16/k P 18 – 20/k	Good quality	Upon PO	10 T 25 T 50 T	Crate/Sorted	Weekly	Baguio	Compititor: Ader, Custodio,

Understanding the requirements of a Modern Market Chain

- Quality – Differentiation
- Quantity – Economical Volumes
- Competitive Pricing
- Reliability – Production Plans, Postharvest management, Good Communication, Discipline
- For small farmers this means collective and organized action through…

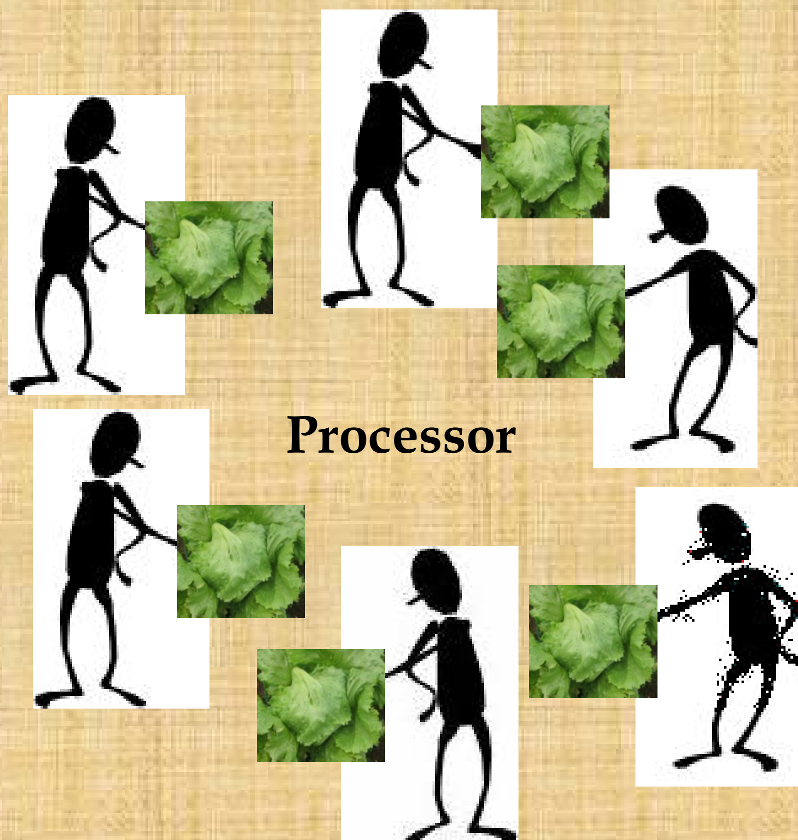
Step 4

Cluster Formation

What is clustering?

- Individual growers who commit to work together for an agreed market and become a product supply unit
- It is product-based
- The cluster is a “product supply unit”
- Strong emphasis on commitment and organizational discipline to deliver quality, volume on the schedule as promised

Cluster Types



One Product Cluster

Diversified Products Cluster

Step 5

Cluster Plan Formulation


Enabling Communities to take on Risk
with greater confidence (ANSOFF MATRIX)
Existing Product
Existing Market
Low risk
Increased farmgate price
to increase profit of water cress
New Product
Growing industrial cassava
to target existing market
High risk
New Market
Existing product seeking
new market opportunities
for bamboo
Growing mushroom
for new market
New Product / new Market

GUIDE FOR AGROENTERPRISE PLAN	
Market Plan	• Buyer • Product • Quality specifications • Price • Sales target • Payment terms • Promotion
Supply Plan	• Suppliers • Estimated supply volume • Product Quality management • Operational flow • Materials/facilities needed
Management Plan	• Management set up/arrangement • Compensation • Policies and procedures
Financial Plan	• Financial requirements • Estimated cost and returns

Operational Plan

Tuesday (a week before departure)

Price monitoring

Contact truck

Saturday

Confirm volume from Leaders

Sunday

Pick-up & deliver packaging materials to clusters

Monday

Harvest of vegetables

Tuesday

Pick up consolidated vegetables from all barangays

5pm: Departure from Maragusan

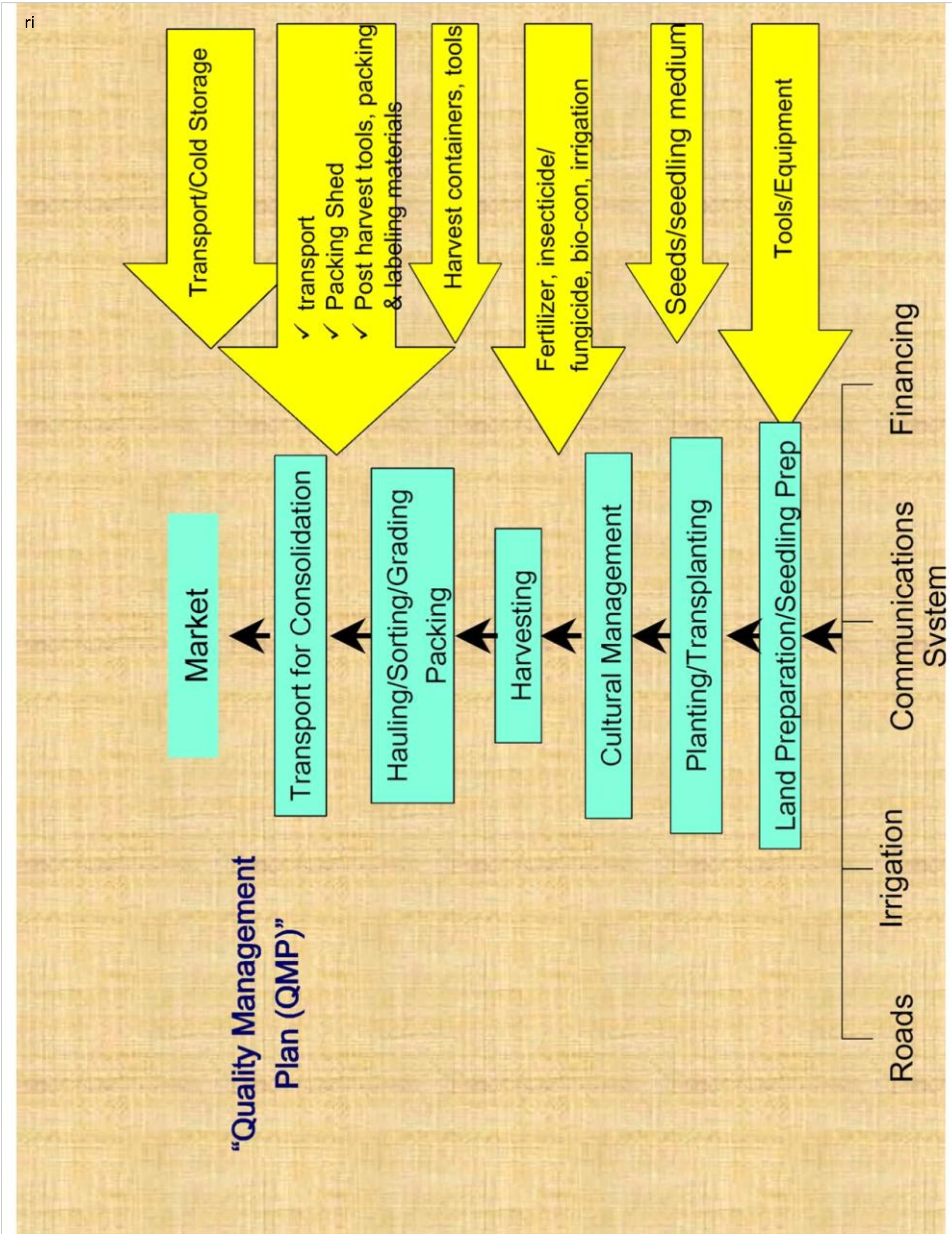
Wednesday

7am: Arrival in Cagayan De Oro

Production-based Tools

1. Quality Management Plan
2. Farm Plan and Budget
3. Planting and Harvesting Calendars

Wednesday, September 21, 2011
11:29 AM



Tools

07	Delivery No. (10)	GREEN COFFEE BEANS RECEIVING REPORT	Date	13-06-07

Supplier	Nenita Gallary		Address	Magcagong		
No. of Bags	Gross Weight	Sack Weight (No. of bags X 0.2)	Net Weight (Gross Wt. - Sack Wt.)	Variety	Rob	Ara
1	6.4	.2	6.2	Type	Dry	Wet

DEFECT	BEAN COUNT		Coefficient	Equivalent
Black Beans		÷	5.0	
Moldy Beans		÷	5.0	
Dried Cherry		÷	5.0	
Broken	18	÷	15.0	1.2
Immature	13	÷	25.0	.52
Insect-Damaged	22	÷	35.0	.62
Admixture		÷	5.0	
Foreign Matter		÷	5.0	
Good Beans	317		TOTAL DEFECTS	2.34 A
TOTAL BEANS	370	÷	8.0	46.25 B

Add | Add

Triage: Grade 1 (0 - 8); Grade 2 (9 - 12) Moisture: More than 12% - Reject

Triage (A / B)	Grade	Total Amount (Price/kg. X Net Wt.)	Balance (Total Amount - Partial Payment)
5.0	1	505.38	
% Moisture	Price/Kg.	Farm Gate Price 63.06	Expenses (Transport, Labor, Fees)
11.5	81.50	Partial Payment (Farm Gate Price X Net Wt.) 390.60	Final Payment (Balance - Expenses)
Remarks		Partial Payment Received by / Date	Full Payment Received by / Date

- Coffee Receiving Report
  - Filled-up for each farmer delivery
  - Common form for the two project sites
  - For traceability, contains information on:
    - The owner
    - Variety
    - Volume
    - Quality
    - Price/kg
    - Total Amount

Tools

MARAGUSAN VEGETABLE CLUSTER
DELIVERY MONITORING FORM

Delivery No.: 9 Market: CAGAYAN Date: 10-19-06

Vegetable Prices	Quantity	Maragusan Price	Sub-total (Quantity x Maragusan Price)	CDO Price	Sub-total (Quantity x CDO Price)
Baguio Beans (kgs.)	127	6.00	762.00	11.00	1,397.00
Ampalaya (kgs.)	A- 124 B- 30	13.00 7.00	1,612.00 210.00	20.00 13.00	2,480.00 390.00
Atsal (kgs.)	10	20.00	200.00	23.00	230.00
Sayote (sacks)	77 (5.77t)	100.00	7,700.00	300.00	23,100.00
Eggplant (kgs.)	138	8.00	1,104.00	11.00	1,518.00
Kalabasa (kgs.)					
Kamatis (crates)	B- 15 (378) S- 2 (50)	480.00 250.00	7,200.00 500.00	650.00 325.00	9,750.00 650.00
Karlang	1,908.9	1.80	3,436.02	5.00	9,544.50
Total	8,537.90		P22,724.02		P49,059.50

Cost & Returns	Amount
Sales (Total of Quantity x CDO Price)	P49,059.50
Cost of Goods (Total of Quantity x Maragusan Price)	22,724.02
Gross Income (Sales – Cost of Goods)	26,335.48
Expenses	
Trucking	8,000.00
Fuel	8,200.00
Management Fee (___% of Gross Income)	
Marketing Fee (___%) of Gross Income)	1,455.60
Packaging Materials (sako, crates, twine, etc.)	
Other Expenses	1,199.45
Total Expenses	18,855.05
Net Income (Gross Income – Total Expenses)	P7,480.43
Cost per kilo (Total Expenses / Total Quantity)	2.20

	Net Price (Net Income / Quantity per vegetable)
Baguio Beans (kgs.)	
Ampalaya (kgs.)	
Atsal (kgs.)	
Sayote (sacks)	
Eggplant (kgs.)	
Kalabasa (kgs.)	
Kamatis (crates)	

- Vegetable Delivery Monitoring Form
  - Filled-up for each delivery to a market
  - Contains information on:
    - Type and Variety of Vegetable
    - Total Consolidated Volume
    - Farm Gate Price
    - Market Price
    - Total Amount
    - Expenses

Production Budget

Green Haven Farm
CROP PLAN & BUDGET

Crop	LETTUCE
Eco. Module Size Per Batch	
No. of Hills	1,000
Area (sq. meters)	200
Production Cycle (Weeks)	8

CROP PLAN
No. of Module
No. of Hills
Area (sq.m.)
Target Yield (kg)

Green Haven Farm
CROP PLAN & BUDGET

Crop	LETTUCE
Eco. Module Size Per Batch	
No. of Hills	1,000
Area (sq. meters)	200
Production Cycle (Weeks)	8

CROP PLAN
No. of Module
No. of Hills
Area (sq.m.)
Target Yield (kg)

Cost Item	Unit	Per Batch Qnty	Unit Cost	Amount
Labor				
a. Land & Bed Preparation				
1. Plowing	mad	1.00	160.00	160.00
2. Harrowing	mad	0.50	160.00	80.00
3. Bed Preparation	mad	3.00	160.00	480.00
4. Manure/Lime Spreading	md	3.00	80.00	240.00
5. Irrigation Installation	md	1.00	80.00	80.00
b. Nursery Estab & Maintenance	md	2.00	80.00	160.00
c. Planting	md	12.00	80.00	960.00
d. Fertilizing				
1. Basal	md	1.00	80.00	80.00
2. Sidedress	md	3.00	80.00	240.00
e. Spraying	md	3.00	80.00	240.00
f. Weeding	md	9.00	80.00	720.00
g. Irrigating	md	6.00	80.00	480.00
h. Harvesting & Packing	md	15.00	80.00	1,200.00
Sub-Total				5,120.00

Materials				
a. Seeds	gram	10.00	6.00	60.00
b. Fertilizers				
1. Manure (chicken dung)	sack	75.00	40.00	3,000.00
2. Basal				
T-14	bag	1.50	600.00	900.00
3. Sidedress				
T-14	bag	3.00	600.00	1,800.00
0-0-60	bag	1.50	580.00	870.00
4. Foliar				
Crop Giant (19-19-19)	kg	1.00	100.00	100.00
c. Insecticide				
1. Bullseye	liter	0.18	430.00	77.40
2. Krisx	liter	0.06	745.00	44.70
3. Decis	liter	0.10	1325.00	132.50
d. Fungicide				
1. Pilarich	liter	0.80	600.00	480.00
2. Mancozeb	kg	0.40	160.00	64.00
e. Others				
1. Apsa spreader	liter	0.30	520.00	156.00
Sub-Total				7,684.60
Other Costs				
1. Packaging	kg	1000.00	2.50	3,750.00
2. Transport	kg	1500.00	1.50	2,250.00
Sub-Total				6,000.00
GRAND TOTAL				18,804.60
Normancorp				
March 04				12.54

Planting Calendar

ATTN : MS. JOAN UY OR MR. JESSAN CATRE

TO: MAM DHA (KAANIB FOUNDATION INC.)

SQUASH PRODUCTION FORM
WEEKLY PLANTING SCHEDULE

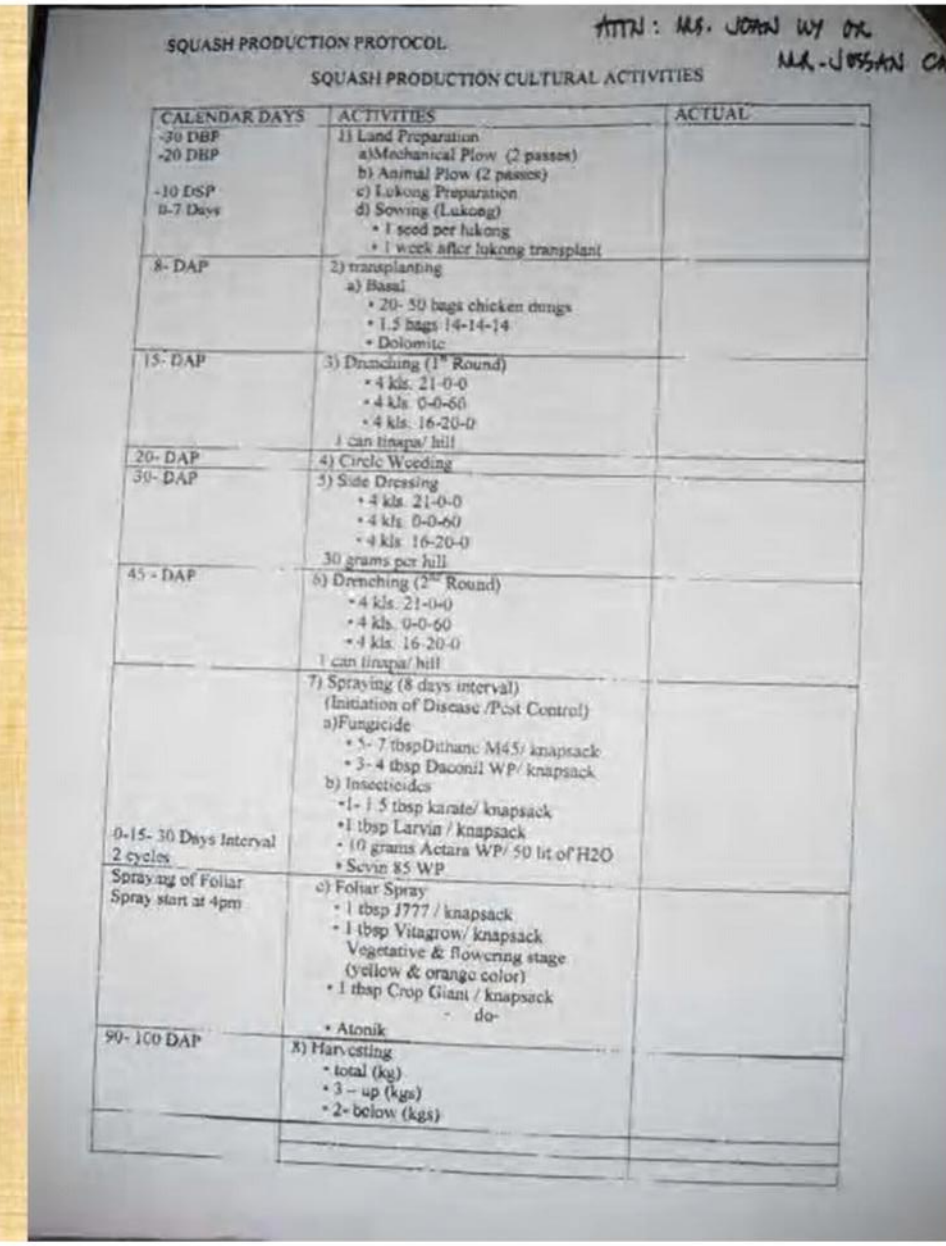
Growers/Farmers	MAY 1st	2nd	3rd	4th	5th	Total	JUNE 1st	2nd	3rd	4th	5th	Total	JULY 1st	2nd	3rd	4th	5th	Total
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]		
[illegible] SIBIAN SR.	1					1												
[illegible] GUNLAY	1					1												
PERFECTO NAPULAN		1				1												
[illegible] ANTIPULAN		1				1												
JAIME ABUNDA			1			1												
MARCELO GALLEGO			1			1												
[illegible] SULINTA				1		1												
[illegible] TAUASAN				1		1												
[illegible] AUNTOS					1	1												
EUGENIO ABUNDA					1	1												
PETER TAUASAN							1					1						
DEBBIE YAMAG							1					1						
JULITO LIBAGON								1				1						
RUBEN BALASAN								1				1						
BENJAMIN CAPAN									2			2						
FELICIANO PACLIBAN										1		1						
BENNY LINDIGAN										1		1						
													1					
RESTITUTO DUCUSAN													1					1
ERNESTO LANANAS													1					1
FEL SABILLO														1				1
RODRIGO BATBAGO														1				1
REY VILLANUEVA															1			1
TOTAL						[illegible]						[illegible]						

Prepared by:

GLENN D. ARENO
Production Officer

Noted by:

JONAS S. SALE, DVM, CSE
MEEDO – General Manager



SQUASH PRODUCTION PROTOCOL

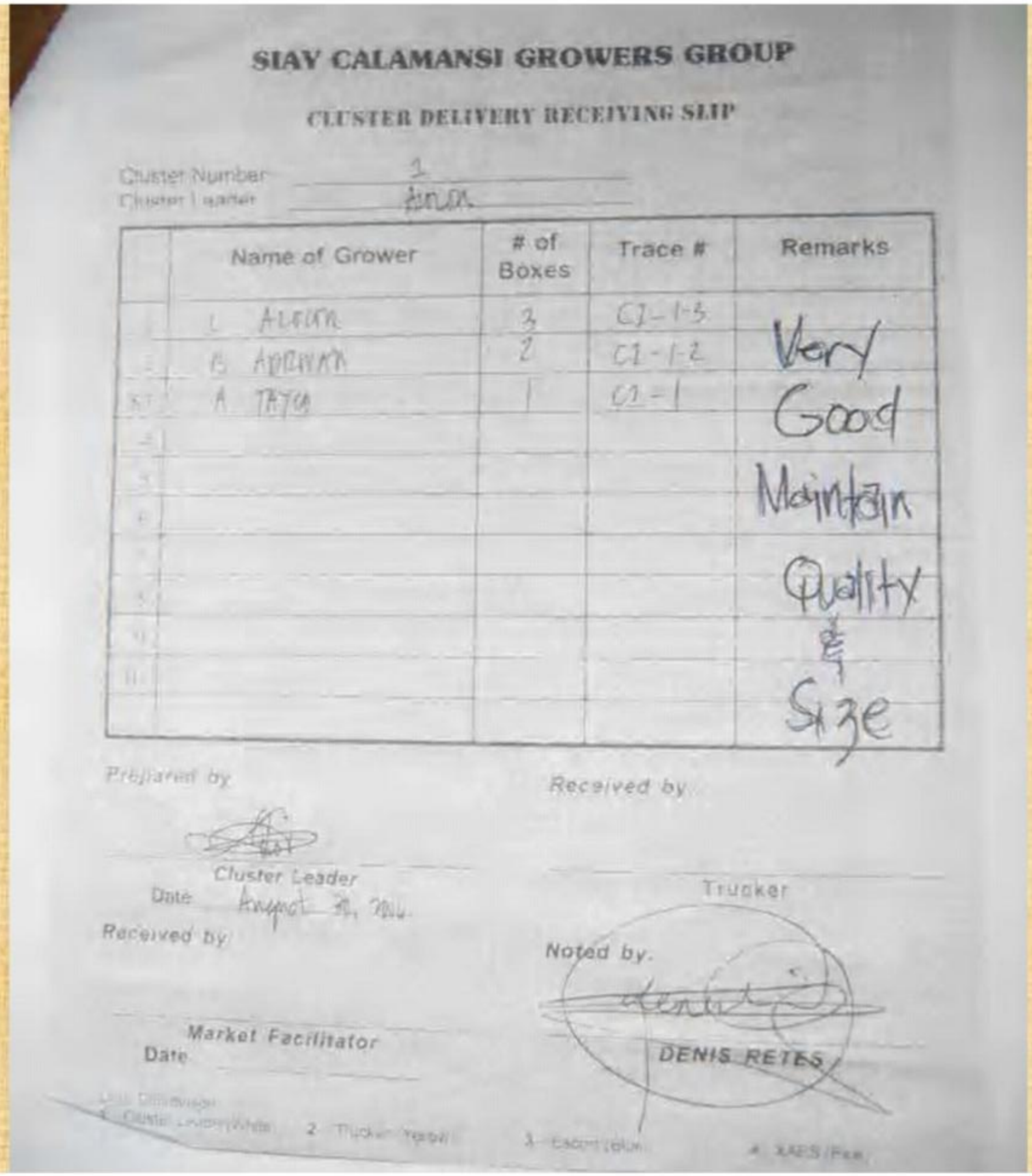
ATTN: MS. JOAN WY OR MR. JESSAN CA

SQUASH PRODUCTION CULTURAL ACTIVITIES

CALENDAR DAYS	ACTIVITIES	ACTUAL
-30 DBP -20 DBP -10 DSP 0-7 Days	1) Land Preparation a)Mechanical Plow (2 passes) b) Animal Plow (2 passes) c) Lukong Preparation d) Sowing (Lukong) • 1 seed per lukong • 1 week after lukong transplant	
8- DAP	2) transplanting a) Basal • 20- 30 bags chicken dungs • 1.5 bags 14-14-14 • Dolomite	
15- DAP	3) Drenching (1st Round) • 4 kls. 21-0-0 • 4 kls. 0-0-60 • 4 kls. 16-20-0 1 can tinapa/ hill	
20- DAP	4) Circle Weeding	
30- DAP	5) Side Dressing • 4 kls. 21-0-0 • 4 kls. 0-0-60 • 4 kls. 16-20-0 30 grams per hill	
45 - DAP	6) Drenching (2nd Round) • 4 kls. 21-0-0 • 4 kls. 0-0-60 • 4 kls. 16-20-0 1 can tinapa/ hill	
0-15- 30 Days Interval 2 cycles	7) Spraying (8 days interval) (Initiation of Disease /Pest Control) a)Fungicide • 5- 7 tbspDithane M45/ knapsack • 3- 4 tbsp Daconil WP/ knapsack b) Insecticides •1- 1.5 tbsp karate/ knapsack •1 tbsp Larvin / knapsack • 10 grams Actara WP/ 50 lit of H2O • Sevin 85 WP	
Spraying of Foliar Spray start at 4pm	c) Foliar Spray • 1 tbsp J777 / knapsack • 1 tbsp Vitagrow/ knapsack Vegetative & flowering stage (yellow & orange color) • 1 tbsp Crop Giant / knapsack - do- • Atonik	
90- 100 DAP	8) Harvesting • total (kg) • 3 – up (kgs) • 2- below (kgs)	

Marketing Operation-Based Tools

- Postharvest Quality Management Plan (Guide in harvesting and postharvest)
- Product Flow Out of the Farm Guide
  - ✓Farm Labels on Packaging (traceability) – Master List of Growers with Label Codes
  - ✓Cluster Receiving Forms/Records
  - ✓Buyer's Receiving Forms
  - ✓Delivery Monitoring Forms



SIAY CALAMANSI GROWERS GROUP

CLUSTER DELIVERY RECEIVING SLIP

Cluster Number: 1
Cluster Leader: Arlon

	Name of Grower	# of Boxes	Trace #	Remarks
	L. Alvin	3	C1-1-3	Very Good
	B. Adrian	2	C1-1-2	Maintain
	A. Taya	1	C1-1	Quality & Size

Prepared by:

Cluster Leader
Date: August 31, 2011

Received by:

Trucker

Received by:

Market Facilitator
Date:

Noted by:

DENIS RETES

1. Cluster Leader/White 2. Trucker/Yellow 3. Escort/Blue 4. XAES/File

COFFEE MARKETING

Barangay: ____________
Consolidator: ____________

	Name of Farmer	CODE	# OF BAGS	# OF KILOS	PRICE/ KILO	AMOUNT	SIGNATURE
Jan27	Jeening Tumalas		1	84	65	₱1520 1560	
Jan27	Ange Ayocan		1	11 1/4	65	731	
Jan28	Teresita Luminhay		1	13.6	65	884	
Jan29	Lolita Lahoyan		1	8 3/4	65	568.75	
-	Edison Sario		1	9	65	585	
-	Lorenzo Dialong		1	10.5	65	682.50	
Jan30	Lito Yalsoda		1	11 1/2	65	747.50	
-	Jaspeido Mana		1	54	65	3,510	
-	Robert Ayozan		1	46 3/4	65	3,038.75	
Jan31	Romeo Saplian		1	60	65	3,900	
Feb7	Meimci Duhay		1	9.5	65	617.50	
-	Nevis Lumahod		1	56	65	3,640	
-	Pernalyn Sario		1	36	65	2,340	
-	Conradita Dialong		1	22 - 5(sample)	65	1430	
Feb10	Romeo Saplian		3	110	65	7150	
-	Miling Lahoyan		1	1.35	65	87	
-	Mayron Lindaban		1	39	65	2,535	
Feb13	Pessie Dampas		1	40.75	65	2,648.75	

₱46,5

Signed by:

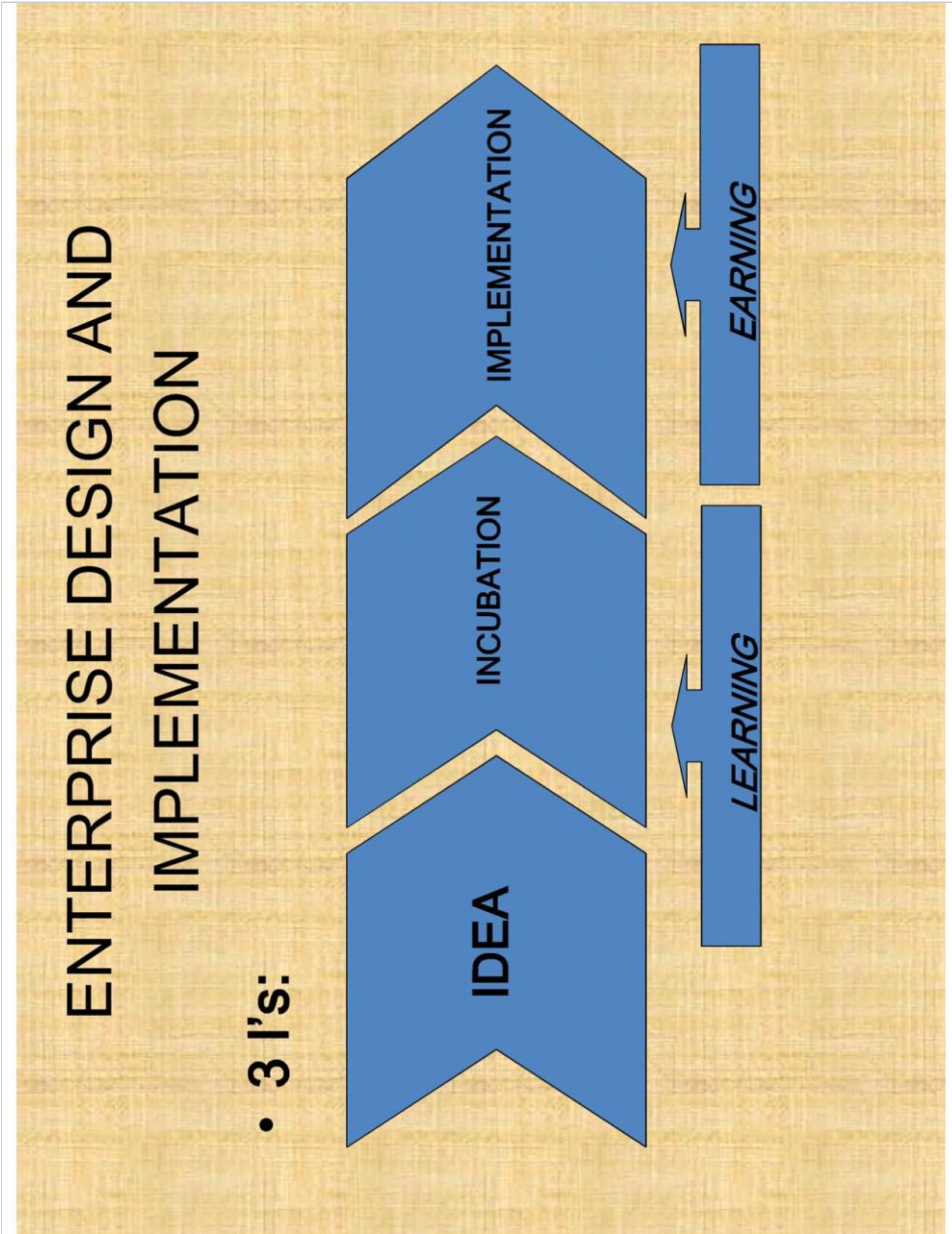
____
Barangay Consolidator

No Form
* Betty Pinkayan 13 kgs @ ₱65 = ₱845
* Romeo Saplian 87 kgs @ ₱65 = ₱5,655

Labeling by Cluster
and Member for
Traceability

Step 6

Test Marketing


ENTERPRISE DESIGN AND IMPLEMENTATION
• 3 I's:
IDEA
INCUBATION
IMPLEMENTATION
LEARNING
EARNING

Coffee Test Marketing


Calamansi Test Marketing


To These
From These


Murphy's Law in action…
ISUZU

Step 7

Scaling Up

Key Elements	Guide Questions
Cluster	Members willing to proceed from test marketing to scaled up operations?
Supply	Is the product supply considerable ? Is this coming from an increasing number of farmers? Can delivery reliability be assured?

Key Elements	Guide Questions
Market	Is the current market regular & growing? Are there new market opportunities?
Management	Can cluster leaders & members perform tasks as expected? Are cluster meetings done regularly? Are policies & procedures written & followed?

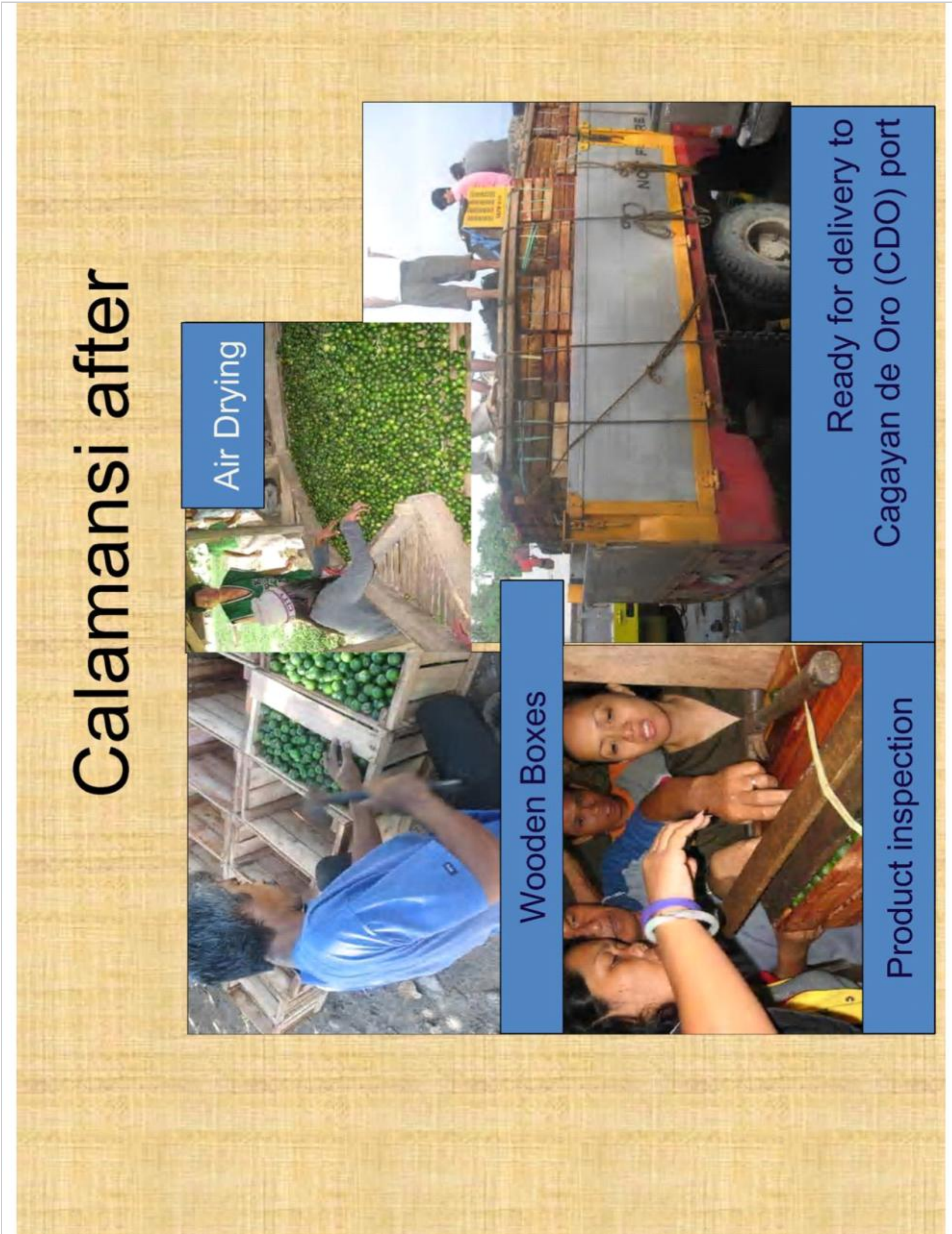
Key Element	Guide Questions
Financial	Did the test deliveries yield increasing levels of net incomes or decreasing levels of losses? Is there a reducing trend in subsidies extended by the service providers during the test marketing?

Calamansi before

May – November buying price per box could not compensate harvest & post harvest expenses

Individual selling & poor packaging

no production plans


Calamansi after
Air Drying
Wooden Boxes
Product inspection
Ready for delivery to
Cagayan de Oro (CDO) port

Total Gross Sales (Sept 2006)

Site	Participating Farmers	No. of Clusters	Commodity	Quantity	Gross Sales
Zamboanga Sibugay	185	12	Calamansi	214,728 kgs	P2,871,372
Compostela Valley	128	6	Vegetables	67,600 kgs	P306,997
Compostela Valley	40	3	Coffee	4,700 kgs	P283,469
Bukidnon	20	1	Abaca	350 kgs	P14,350
Bukidnon	16	2	Semi Processed Abaca	40 kgs	P14,000
Bukidnon	2	1	Woven fabric	22 m	P3,675
Bukidnon	6	1	Vegetables	300 kgs	P3,000
Bukidnon	27	3	Coffee	1,899 kgs	P101,596
Davao City	14	1	Handicraft (Assorted Retail)	30 pcs	P7,000
Davao City	5	1	Vegetables	174 kgs	P6,085
TOTAL	**443**	**31**			**P3,611,544**

Total Gross Sales

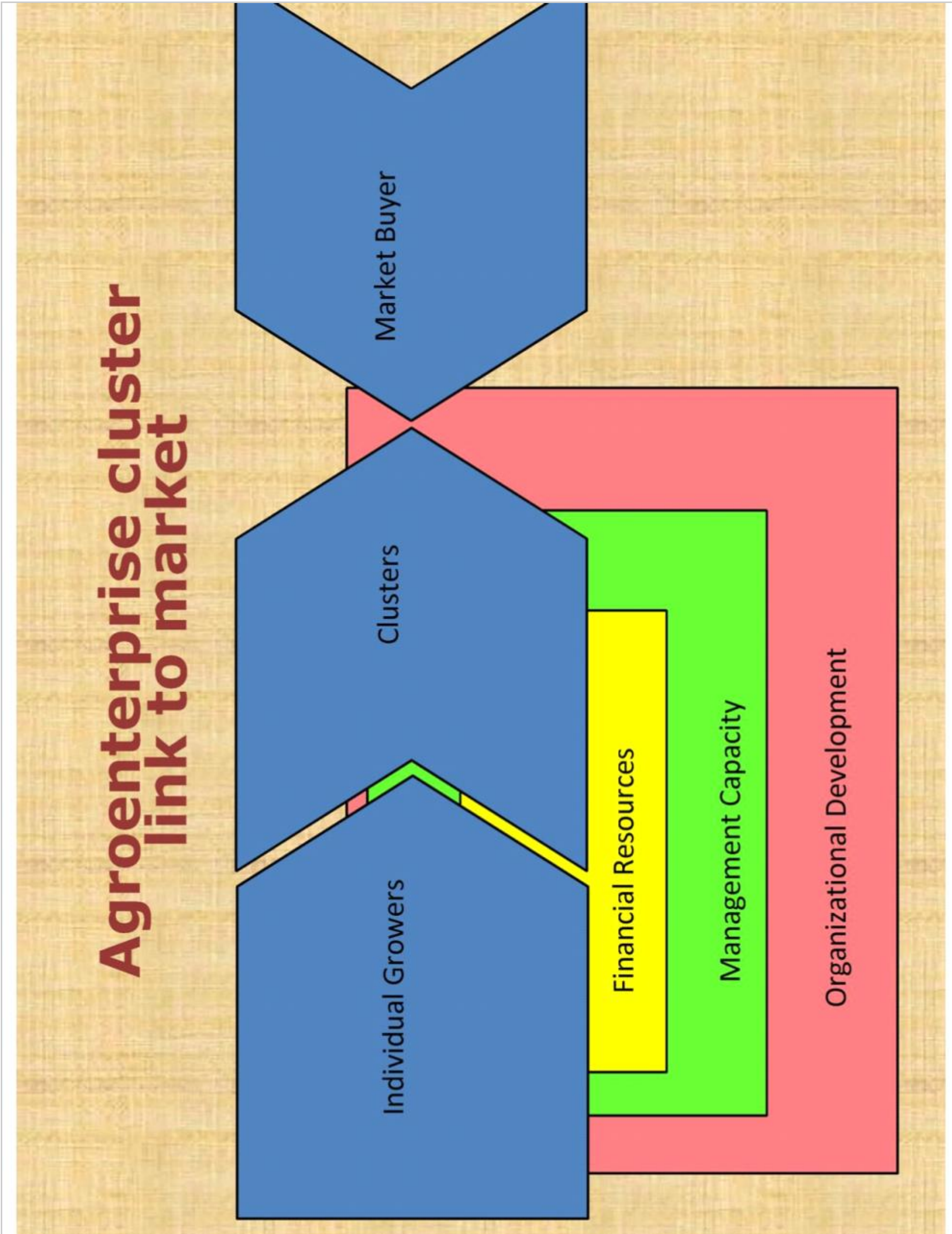
Site	Participating Farmers	No. of Clusters	Other Chain Actors	Commodity	Quantity	Gross Sales (in P)
Zambo Sibugay	185	12	34	Calamansi	283,038 kgs	3,956,361
Compostela Valley	68	6	8	Vegetables	109,849 kgs	575,745
Compostela Valley	31	4	4	Coffee	7,751.5 kgs	492,127
Bukidnon	45	3	3	Abaca	500 kgs	21,500
Bukidnon	15	3	2	Semi Processed Abaca	40 kgs	14,000
Bukidnon	9	1	1	Woven fabric	22 m	3,675
Bukidnon	29	5	3	Vegetables	8,466 kgs	64,690
Bukidnon	66	5	1	Coffee	8,100 kgs	648,000
Bukidnon	30	1	1	Corn	120,000 kgs	1,224,000
Davao City	14	1	consumers	Handicraft (Retail)	30 pcs	7,000
Davao City	30	3	4	Vegetables	7,475 kgs.	125,705
Maguindanao	21		2	Low-Chemical Rice	7,185 kgs	55,200
Maguindanao	229	20	consumers	Freshwater Fish	9,300 kgs	186,000
TOTAL	**772**	**64**	**83**			**7,374,003**

Step 8

Cluster Strengthening

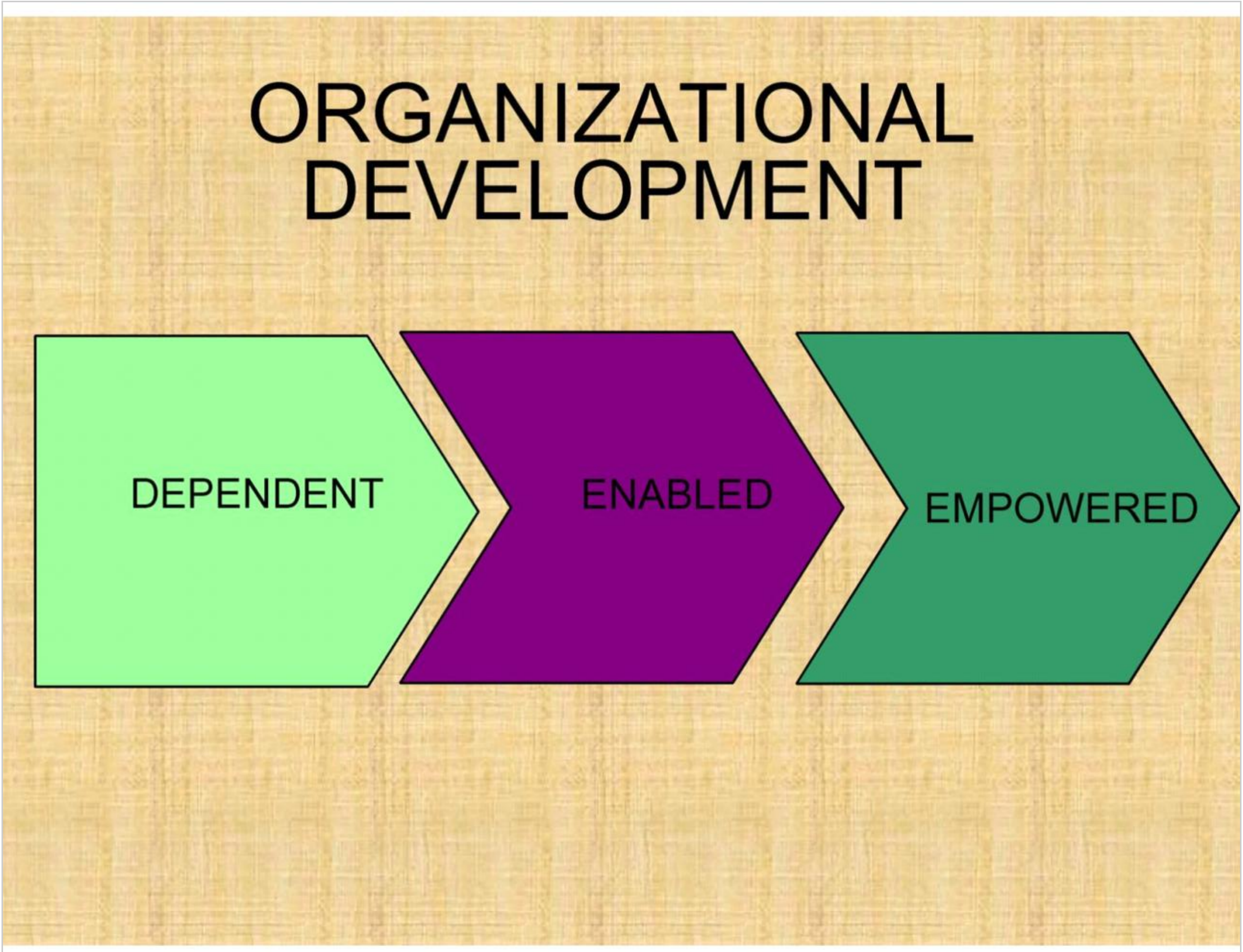
LEVELS OF AGROENTERPRISE CLUSTER DEVELOPMENT TOWARD MATURITY AND AUTOMOMY

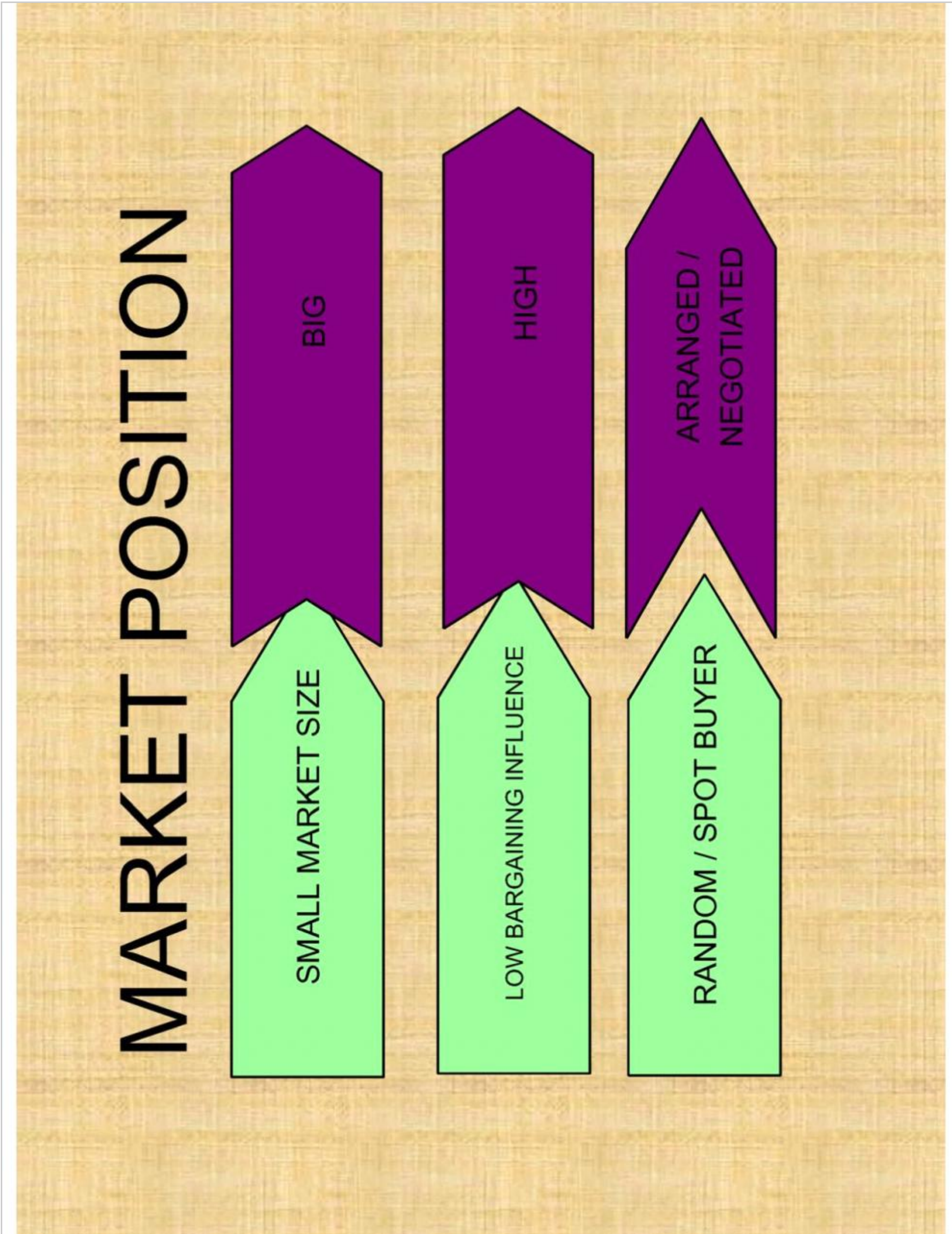
- Agroenterprise development intervention should be ***viable*** and ***sustainable***
- Strategic emphasis on ***quantity (breadth)*** and ***quality (depth)*** of agroenterprise clusters
- A Development Project is ***time-bound***
- ***"Begin with the end in mind"*** as an exit strategy
- **NGO-PO Autonomy Framework** as reference

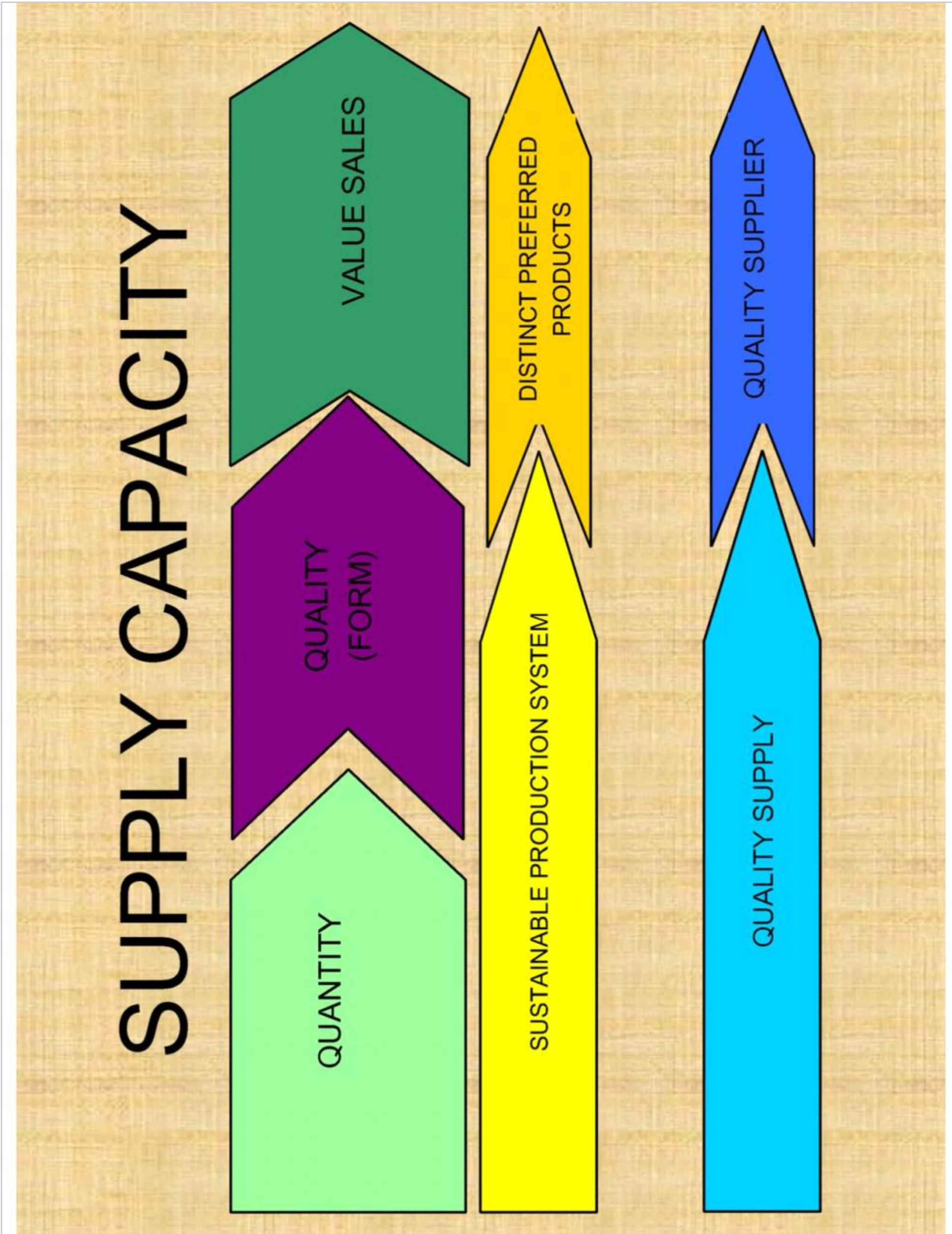

Agroenterprise cluster link to market
Individual Growers
Clusters
Market Buyer
Financial Resources
Management Capacity
Organizational Development

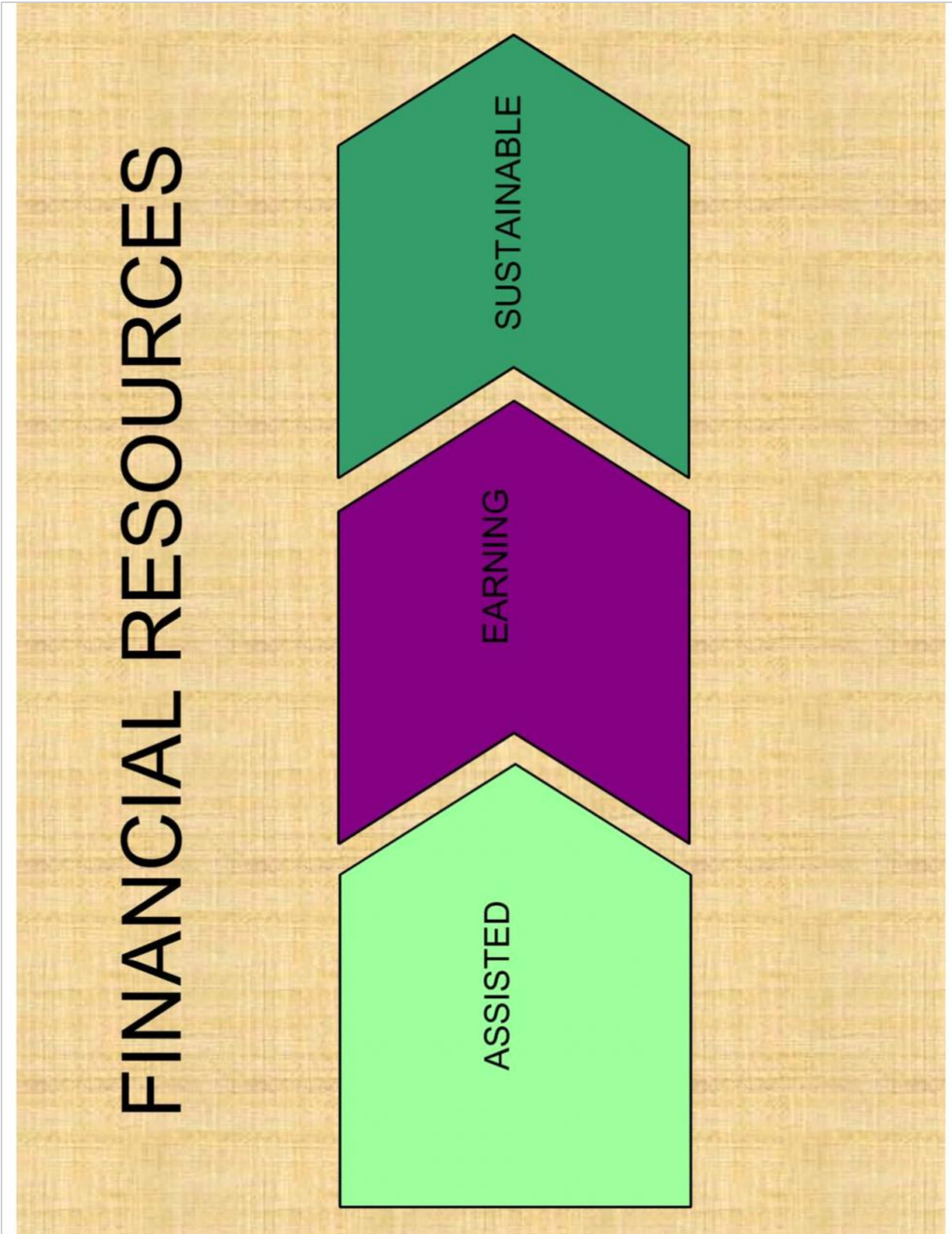
CATEGORIES

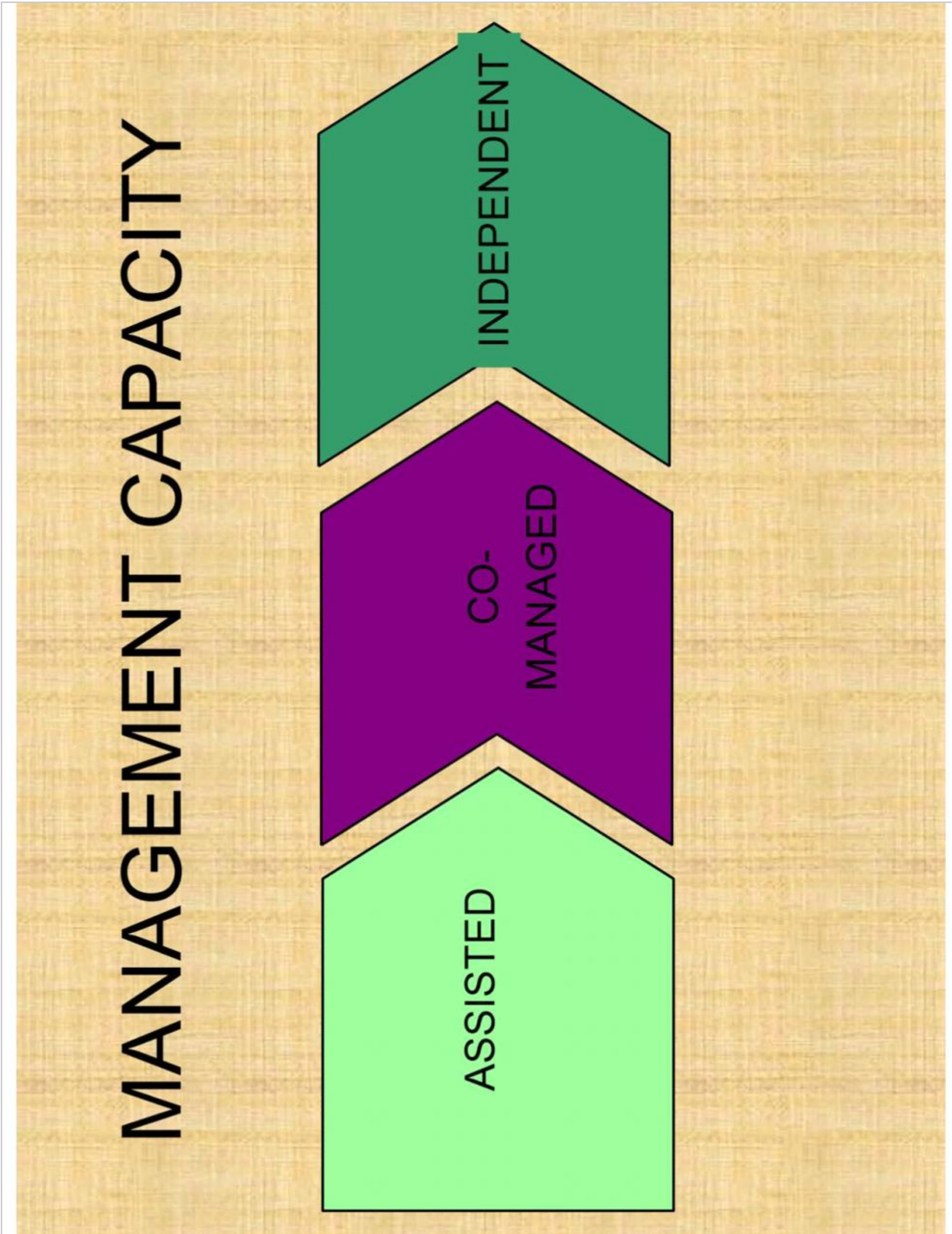
- ✓ Organizational Development
- ✓ Market Position
- ✓ Supply Capacity
- ✓ Financial Resources
- ✓ Management Capacity


ORGANIZATIONAL
DEVELOPMENT
DEPENDENT
ENABLED
EMPOWERED


MARKET POSITION
BIG
SMALL MARKET SIZE
HIGH
LOW BARGAINING INFLUENCE
ARRANGED / NEGOTIATED
RANDOM / SPOT BUYER

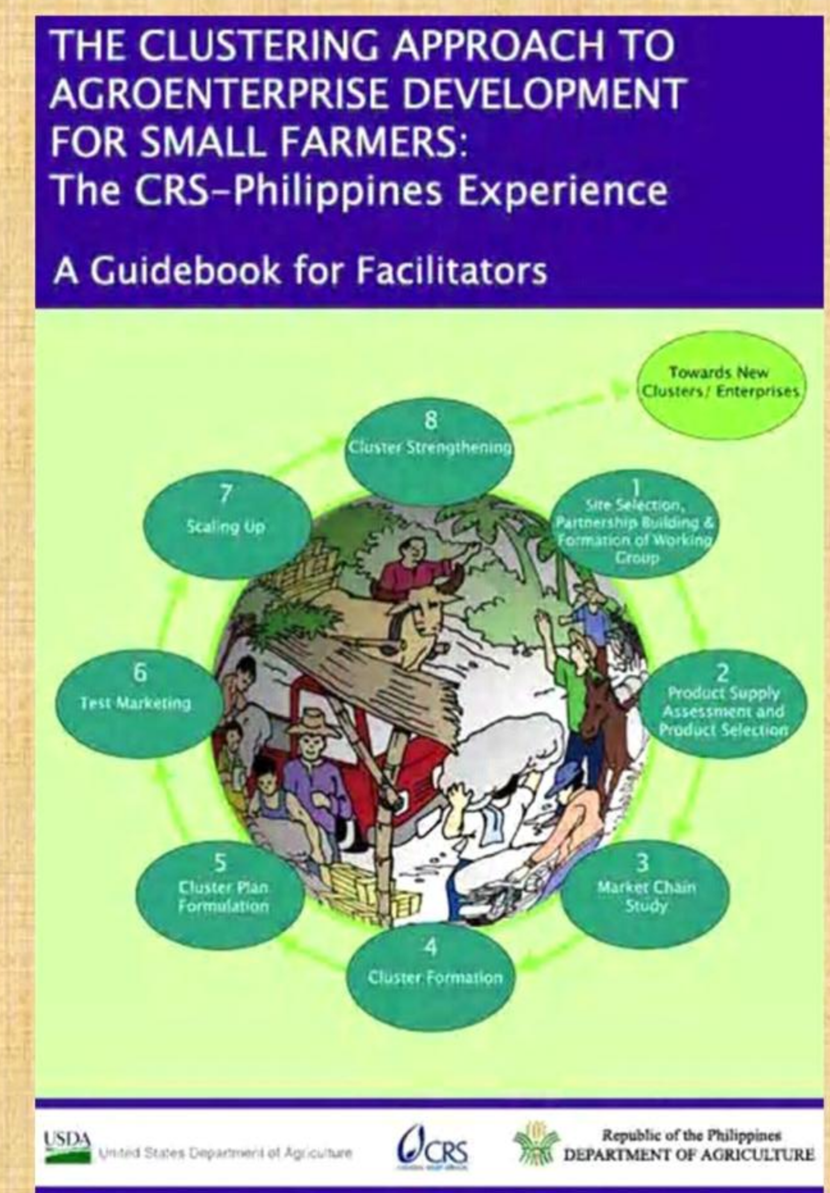

SUPPLY CAPACITY
QUANTITY
QUALITY (FORM)
VALUE SALES
SUSTAINABLE PRODUCTION SYSTEM
DISTINCT PREFERRED PRODUCTS
QUALITY SUPPLY
QUALITY SUPPLIER


FINANCIAL RESOURCES
ASSISTED
EARNING
SUSTAINABLE


MANAGEMENT CAPACITY
INDEPENDENT
CO-
MANAGED
ASSISTED

L	ORGANIZATIONAL DEVELOPMENT	MARKET POSITION	SUPPLY CAPACITY	FINANCIAL RESOURCES	MANAGEMENT CAPACITY
5	**The cluster is in a network with other clusters**; able to work with other clusters as part of a common business entity	**Network of support is established (business services in the chain)**	**Distinct products** (a) Preferred products with the buyers. (b) Product carry the name of the supplier. (c) "Quality is in our growers."	**Clusters have generated funds for business investment**	**Institutionalization**. Structure, management set up, policies and systems to ensure high performance of business activities
4	**The cluster is functioning independently**; able to: (a) Implement enterprise plans (marketing and supply); (b) Have regular assessments; (c) Have written financial reports	**Markets are diversified** (a) New products (value added) (b) Clusters pursue market research for higher value markets	**Value addition in the supply** (a) Value added existing products (packaging, labelling), (b) New products, new markets; (c) Value addition measures implemented; better logistics in place	**Capital build-up scheme from joint marketing is established.** (a) Individual; (b) Organizational; (c) Service fees are used to pay in full the marketing & management costs	**Enterprise plan enhanced to address new opportunities**. (20%) (a) Performance based incentives
3	**Cluster has regular meetings called by its cluster leaders, with written agreements, and written policies**	**Market is developed with more buyers who can offer stable arrangements** (a) More buyers tapped; (b) Markets entered into are for longer term agreements; (c) Special pricing negotiations done.	**Production technologies are in place for reliable quantity and quality standards** of at least 80% of the cluster members. Production protocols (best practices), supply delivery monitoring system.	**Marketing earnings are more predictable (and regular).** (a) Financial reports are done and discussed in the cluster meetings; (b) Service fees pay part of the marketing & management costs (c) Financial systems are in place.	**Operational plan review is routinely done**. (40%). (a) Agreed scheme of remuneration established; (b) Business operating systems in place
2	**Cluster formed with cluster leader** (s). Cluster has: (a) Meetings, (b) Common market and production plan, (c) Verbal agreements	**Market is strengthened** (a) Markets are maintained and product volume is scaled up; (b) there is build up of buyer relations.	**Regular product supply coming out based on the enterprise supply plan.** Cluster members can supplement each other's supply in times of deficit. (coordination for back-up supply, farm records)	**Cluster start to experience marketing earnings** (not regular yet). (a) Enterprise transactions are recorded; (b) Service fees (management and/or marketing are initially paid).	**Cluster leaders and assigned management people are functioning**. (60%) (a) Roles and responsibilities spelled out. Task related trainings done; (b) Agreed scheme of remuneration tried out.
1	**Core group of 5 producers with at least 1 lead producer.** (NGO staff primarily organizing group activities).	**Market penetration with trial deliveries** (a) At least 50% of market plan accomplished in target product volume; (b) Getting to know stage with the buyer(s)	**Product supply coming out from the cluster for the joint marketing.** At least 50% of planned supply is accomplished. Production Calendar.	**With external financial support** (a) trainings and capability building; (b) Market operating funds	**Enterprise plan and operation plan are formulated.** (80%) (a) NGO facilitated the process; (b) Product consolidation & market facilitation procedures tried out.

- After three years of field practices and learning events, an 8-step process in developing agroenterprise clusters was developed
- In 2009, a field guidebook was published for farmers' associations, NGOs, government agencies, microfinance institutions, rural extension service providers and other stakeholders
- …but still a "work-in-progress"



Agroenterprise Clustering is contributing to sustainable livelihoods of small farmers